IPO REVIEW

Pine Labs IPO

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- The company is engaged in providing digital payments and related solutions across the e-commerce platform.
- The company has posted growth in its top lines for the reported periods till FY25, but incurred losses. Its only for Q1 of FY26, it turned the corner.
- Considering digital India move by the Government, PLL is poised for bright prospects ahead in the long run. Thus, it’s a pure long term story.
- Based on its recent financial data, the issue appears aggressively priced.
- Only well-informed/risk seekers/ cash surplus investors may park moderate funds for long term.

About the Company

Pine Labs Ltd. (PLL) is a technology company focused on digitizing commerce through digital payments and issuing solutions for merchants, consumer brands and enterprises, and financial institutions. Its advanced technology infrastructure helps to accelerate their digitization journey in India and a growing number of international markets including Malaysia, UAE, Singapore, Australia, the U.S. and Africa. PLL’s “Digital Infrastructure and Transaction Platform” comprises in-store and online payment infrastructure, affordability, value added services (“VAS”) such as dynamic currency conversion and transaction processing, and financial technology (“FinTech”) infrastructure solutions and software applications. Its “Issuing and Acquiring Platform” comprises issuing, processing and distribution of prepaid solutions and engagement solutions, along with its unified issuing and acquirer processing platforms. Through its cloud-based software technology it helps digitize, simplify and make commerce more secure for ecosystem of merchants, consumer brands and enterprises, and financial institutions, ultimately empowering them to serve consumers and enable consumption.

PLL’s offerings enable multiple workflows for merchants, including digital payments, smooth integration with billing systems, rewards and loyalty program management, affordability for their end consumers, value-added services such as dynamic currency conversion, and digitizing their stores through business software applications. Consumer brands and enterprises use its Issuing solutions to offer prepaid cards for gifting, promotions, cashback, wallets, refunds, rewards, loyalty, company-issued expense cards for their employees and employee and channel incentives. It is a technology partner for financial institutions enabling payments acceptance at merchant stores, enabling acquiring at merchant stores, and enabling credit disbursal through its affordability solutions. In addition, the company offers issuing and acquiring solutions to financial institutions enabling issuance of credit cards, debit cards, prepaid cards and forex cards to consumers, and enabling merchant

acquiring solutions.

In Fiscal Year 2025, PLL processed payments of Rs. 11,424.97 billion in gross transaction value (“GTV”) and 5.68 billion transactions through its platforms. As of June 30, 2025, it had 988,304 merchants, 716 consumer brands and enterprises, and 177 financial institutions, who used its platforms to enable transactions quickly, securely and easily manage their business. According to the Redseer Report, in India, its core market, the company is the largest player in issuances of closed and semi-closed loop gift cards by transaction value in Fiscal Year 2025. The company was also the largest digital affordability solution enabler at digital checkout points (“DCPs”) in terms of total processed value, among the top five in-store digital platforms, and a prominent Bharat Connect transactions processing solutions provider in Fiscal Year 2025, according to the Redseer Report.

Commerce and financial technology infrastructure sector have evolved over the years, and it has also evolved its capabilities and solutions to address the changing needs of merchants, consumer brands and enterprises, and financial institutions. In 2012, the company established a cloud-based technology platform, which simplified in-store check-outs for merchants through integration of multiple acquirers and payment methods on a single platform. PLL further strengthened its ecosystem in 2013 by integrating with consumer brands and enterprises, and financial institutions to offer affordability solutions aimed at improving affordability for consumers and increasing transaction volume for consumer brands and enterprises, and financial institutions.

Since incorporation, it has grown organically and inorganically through multiple acquisitions, which have been aimed at acquiring specific technology and product capabilities to further strengthen its offerings. According to Redseer Report, there was an accelerated shift to online for both merchants and consumers following the COVID pandemic. Therefore in 2021, it launched proprietary online payment platform Plural (now known as Pine Labs Online), to provide merchants with an omni-channel payment suite. In 2022, through the acquisition of Mosambee, it expanded access to small and medium merchants through in-store and online payment offerings and affordability solutions. India has a very large base of merchants of varying scale who are nascent in their digitization journey, as stated in the Redseer report and having recognized this PLL acquired QFix in 2022, which helped it add a workflow management tool for enabling smooth commerce transactions and digitizing small and medium sized merchants. To expand its solutions for ecosystem partners, in 2022 the company acquired Setu to provide an API-enabled technology platform for digital public infrastructure across payments, data insights and identity, enabling financial institutions and billers to facilitate smooth onboarding, underwriting, unified payment interface (“UPI”) acceptance, and collections. It further expanded solutions for financial institutions by the acquisition of Credit+ in 2023, through which it offers full stack issuing solutions, acquiring and transaction processing software enabling financial institutions to offer credit, debit, prepaid and forex cards and manage the life cycle of their consumers.

Its customers comprise an ecosystem of 988,304 large, mid and small-sized merchants, 716 consumer brands and enterprises, and 177 financial institutions in India and across select international markets as of June 30, 2025. Its customer base spans industries such as department stores and retailers, supermarkets, e-commerce, restaurants, grocery, lifestyle, consumer electronics, healthcare, travel and hospitality, financial institutions and banks, FinTech companies, new-age technology companies as well as government organizations such as municipal corporations and state traffic police departments. It has integrated solutions and partnered with large, marquee consumer brands and enterprises and financial institutions such as Croma, and HDFC Bank, among others. PLL's relationship with some of these consumer brands and enterprises span over 10 years with increasing engagement and breadth and depth of offerings.

It broadly categorizes its offerings into Digital Infrastructure and Transaction Platform and Issuing and Acquiring Platform, which it offers to merchants, consumer brands and enterprises, and financial institutions in India, Malaysia, the UAE, Singapore, Australia, the U.S. and Africa. The company sells and distributes solutions to merchants, consumer brands and enterprises, and financial institutions through direct sales, partnerships, and digital marketing. As of June 30, 2025, it had 1,499 employees in sales and marketing teams. Its teams work collaboratively to grow its presence across customer segments. The company has overall 4465 employees in its worldwide operations with additional 1761 temporary workforce as of June 30, 2025.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 176466426 equity shares of Re. 1 each (worth Rs. 3899.91 cr. at the upper cap), The issue comprises of Offer for Sale (OFS) of 82348779 equity shares (worth Rs. 1918.91 cr. at the upper cap), and fresh equity shares issue worth Rs. 2080.00 cr. (approx. 94117647 equity shares at the upper cap). The company has announced a price band of Rs. 210 – Rs. 221 per equity shares of Re. 1 each. The issue opens for subscription on November 07, 2025, and will close on November 11, 2025. The minimum application to be made is for 67 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 15.37% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 532.00 cr. for repayment/prepayment of certain borrowings, Rs. 60.00 cr. for investment in certain of its subsidiaries, Rs. 760.00 cr. for investment in IT assets, expenditures towards cloud infra, technology development initiatives and procurement of DCPs, and the rest for unidentified inorganic acquisitions, and general corporate purposes.

The company has reserved equity shares worth Rs. 2.50 cr. (approx. 113122 shares) for its eligible employees and offering them a discount of Rs. 21 per share. From the rest, it has allocated not less than 75% for QIBs, not more than 15% for HNIs and not more than 10% for Retail investors.

The five Book Running Lead Managers (BRLMs) to this issue are Axis Capital Ltd., Morgan Stanley India Co. Pvt. Ltd., Citigroup Global Markets India Pvt. Ltd., J.P. Morgan India Pvt. Ltd., and Jefferies

India Pvt. Ltd., while KFin Technologies Ltd., is the registrar to the issue.

Having issued initial equity shares at par, the company has issued/converted further equity shares in the price range of Rs. 7.00 – Rs. 1100.00 per share (based on FV of Re. 1), between August 2006 and October 2025. It has also issued bonus shares in the ratio of 18 for 1 in March 2015, 5 for 1 in November 2023. The average cost of acquisition of shares by the promoters/selling stakeholders Rs. 0.01, Rs. 0.27, Rs. 0.49, Rs. 1.23, Rs. 1.28, Rs. 1.35, Rs. 1.40, Rs. 1.56, Rs. 2.29, Rs. 3.02, Rs. 3.30, Rs. 4.09, Rs. 4.37, Rs. 4.53, Rs. 4.58, Rs. 4.64, Rs, 4.79, Rs. 4.88, Rs. 4.93, Rs. 5.03, Rs. 5.05, Rs. 5.13, Rs. 5.15, Rs. 5.16, Rs. 5.17, Rs. 5.18, Rs. 5.19, Rs. 5.20, Rs. 5.21, Rs. 5.22, Rs. 5.23, Rs. 5.24, Rs. 5.25, Rs, Rs. 5.26, Rs. 5.27, 5.28, Rs. 5.29, Rs. 5.30, Rs. 5.31, Rs. 5.33, Rs. 5.34, Rs. 5.43, Rs. 5.46, Rs. 5.60, Rs. 5.84, Rs. 5.94, Rs. 5.96, Rs. 5.97, Rs. 6.31, Rs. 6.69, Rs. 8.83, Rs. 26.23, Rs. 30.12, Rs. 39.43, Rs. 47.22, Rs. 64.22, Rs. 71.43, Rs. 76.67, Rs. 77.78, Rs. 109.30, Rs. 128.62, Rs. 136.85, Rs. 149.98, Rs. 162.38, Rs. 184.55, Rs. 187.88, Rs. 190.87, Rs. 191.76, Rs. 212.70, Rs. 214.43, Rs. 217.40, Rs. 218.31, Rs. 218.56, Rs. 218.59, Rs. 218.60, Rs. 219.23, Rs. 243.89, and Rs. 375.00 per share.

Post-IPO, its current paid-up equity capital of Rs. 105.41 cr. will stand enhanced to Rs. 114.83 cr. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 25376.65 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit/ - (loss), of Rs. 1690.44 cr. / Rs. – (265.15) cr. (FY23), Rs. 1824.16 cr. / Rs. – (341.90) cr. (FY24), and Rs. 2327.09 cr. / Rs. – (145.49) cr. (FY25). For Q1 of FY26 ended on June 30, 2025, it posted a net profit of Rs. 4.79 cr. on a total income of Rs. 653.08 cr. The company marked growth in its top lines for the reported periods but marked losses till FY25 and has just turned the corner as per Q1-FY26 financial data. The contingent liability of Rs. 331 cr. raises major concerns.

For the last three fiscals, the company has posted an average EPS of Rs. – (2.33) and an average RoNW of NA% / - (6.47) % adjusted RoNW. The issue is priced at a P/BV of 9.74 based on its NAV of Rs. 22.69 as of June 30, 2025, and at a P/BV of 5.62 based on its post-IPO NAV of Rs. 39.36 per share (at the upper cap).

If we attribute FY26 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 1300. Based on FY25 earnings, the P/E stands negative. Thus, the issue appears aggressively priced.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in June 2025, based on its financial performance and future

prospects.

Comparison with Listed Peers

As per the offer document, the company has shown One97 (PayTM), Zaggle Prepaid, as its listed peers (Indian), which are trading at a P/E of NA, and 50.4 (as of November 04, 2025), and global peers like Adyen, Shopify, Block, and Marqeta. Comparison with Indian peers appears to be an eyewash.

Merchant Banker's Track Record

The five BRLMs associated with the offer have handled 73 pubic issues in the past three fiscals, out of which 14 issues closed below the offer price on the listing date.

Conclusion / Investment Strategy

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About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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